

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

ALEXANDER E. JONES and) CASE NO: 22-33553-cml
OFFICIAL COMMITTEE of)
UNSECURED CREDITORS,) Houston, Texas
Debtor.) Tuesday, September 24, 2024
2:31 PM to 3:06 PM

HEARING

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ
UNITED STATES BANKRUPTCY JUDGE

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1 HOUSTON, TEXAS; TUESDAY, SEPTEMBER 24, 2024; 2:31 P.M.

2 (Call to Order)

3 THE COURT: Afternoon, everyone. This is Judge
4 Lopez. I thank everyone for patience today. I'm going to
5 call the -- what is the 2:00 p.m. case? 23-33553, the Alex
6 Jones case here in connection with a motion to sell.

7 Why don't I take appearances in the courtroom and
8 then I'll take appearances from folks online. If you wish
9 to make an appearance, I would ask that you please hit five-
10 star. Okay.

11 MR. MURRAY: Good afternoon, Judge. Chris Murray,
12 Chapter 7 Trustee.

13 THE COURT: Okay. Good afternoon. Mr. Nguyen,
14 good afternoon.

15 MR. NGUYEN: Good afternoon, Your Honor. Ha
16 Nguyen for the U.S. Trustee.

17 THE COURT: Okay.

18 MS. JONES: Good afternoon, Your Honor. Erin
19 Jones for Christopher Murray, Chapter 7 Trustee.

20 THE COURT: Okay. Good afternoon.

21 MR. WOLFSHOHL: Good afternoon, Your Honor.

22 Joshua Wolfshohl for Christopher Murray, Chapter 7 Trustee.

23 THE COURT: Okay.

24 MS. CATMULL: Good afternoon, Your Honor. Annie
25 Catmull, C-A-T-M-U-L-L, here on behalf of O'Connor Wechsler

1 PLLC. Thank you.

2 MR. MOSHENBERG: Good afternoon, Your Honor. Avi
3 Moshenberg here on behalf of the Texas plaintiffs.

4 THE COURT: Okay. On the line I've got a 512
5 number. Ms. Mates, you may have muted yourself.

6 MS. MATES: I did. Thank you. Rhonda Mates on
7 behalf of PQPR.

8 THE COURT: Okay. There's a 214 number.

9 MS. DRIVER: Good afternoon, Your Honor. Vickie
10 Driver on behalf of Alex Jones.

11 THE COURT: Good afternoon. There's an 832
12 number.

13 MR. MARTIN: Good afternoon, Your Honor. Jarrod
14 Martin also with Avi Moshenberg for the Texas families.

15 THE COURT: Okay. And a 212 number.

16 MR. KIMPLER: Good afternoon, Your Honor. Kyle
17 Kimpler on behalf of the Connecticut Plaintiffs. I am
18 joined with my co-counsel, Ryan Chapple and (indiscernible).

19 THE COURT: Okay, good afternoon. Anyone else who
20 wishes to make an appearance? I would ask that you just
21 please hit five-star, and I will unmute your line. Other
22 than that, I will turn to Mr. Murray. Good afternoon.

23 MR. MURRAY: Good afternoon, Judge. We've got two
24 things on for today. We have a status in the PQPR
25 adversary, and then we also have a hearing on my motion to

1 wind down FSS. And unless Your Honor prefers a different
2 course, Mr. Wolfshohl was going to handle the sale motion
3 hearing first, and then Ms. Jones could handle the status
4 update on PQPR.

5 THE COURT: Okay with me.

6 MR. WOLFSHOHL: And, Your Honor, I think while
7 this is probably largely legal in nature, the objection that
8 the U.S. Trustee filed, the way I would suggest we proceed,
9 unless there is any issue with this, is that I simply
10 proffer the Trustee's testimony. Most of what I think he is
11 going to say through the proffer is my argument. Happy to
12 proceed that way. Happy to make opening arguments. It
13 doesn't matter to me. I want to just move the thing along.

14 THE COURT: Mr. Nguyen?

15 MR. NGUYEN: No objection to Mr. Wolfshohl's
16 suggestion.

17 THE COURT: Okay. Mr. Wolfshohl, you're going to
18 proffer the testimony of Mr. Murray.

19 Mr. Murray, why don't you stand up. Raise your
20 right hand. Do you swear to tell the truth, the whole
21 truth, and nothing but the truth?

22 MR. MURRAY: I do.

23 THE COURT: Okay. We will proceed by proffer.

24 Counsel is going to make statements. I'm going to ask you
25 if they are true and correct, if there's any corrections you

1 would make. You would be adopting the proffer as your
2 testimony. Do you understand that?

3 MR. MURRAY: I do.

4 THE COURT: Okay. Mr. Wolfshohl, you may proceed.

5 MR. WOLFSHOHL: Thank you, Your Honor. First off,
6 can we -- the Trustee would like to move to admit Exhibits 1
7 through 16. They were filed on the docket at Docket Number
8 847.

9 THE COURT: Any objection to the admission of 1
10 through 16 at 847?

11 Okay, they are admitted.

12 (Exhibits 1 through 16 admitted into evidence)

13 MR. WOLFSHOHL: Thank you, Your Honor. If called
14 to testify, the Trustee would testify that when he was
15 appointed, shortly after he was appointed, Your Honor
16 entered a dismissal order for FSS. Referring to FSS, Your
17 Honor understands that that's Free Speech Systems.

18 Upon that dismissal order getting entered, the
19 Trustee analyzed the dismissal order, understood that from
20 the dismissal order, the Court was retaining jurisdiction
21 over certain matters and was also specifically delineating
22 certain things that the Trustee was to do, including taking
23 control over cash of the estate. And the Trustee believed
24 at the time and still believes that that was within the
25 Court's authority to do that.

1 The Trustee immediately upon his appointment began
2 discussions with the various parties in the case to
3 primarily focus on how to deal with the FSS entity and how
4 to essentially wind the company down. Those parties
5 included the Texas and the Connecticut plaintiffs. The
6 Debtor and the Debtor's representatives -- and when I say
7 the Debtor, I am talking about Alex Jones specifically.
8 The FSS professionals, PQPR, which Your Honor I think -- I
9 believe you understand that they assert a lien on certain
10 assets of FSS -- as well as numerous prospective buyers and
11 bidders.

12 The Trustee also consulted with Tranzon and 360,
13 the entities that he has gotten the Court to enter an order
14 approving the retention of in connection with the sale
15 process. He visited the FSS studios with Tranzon and he
16 communicated with Tranzon about various things that they
17 needed in order to basically put a bid package together.
18 Information gathering, diligence, creating marketing
19 materials. Like I said, putting together bid packages and
20 also setting up a process for communicating with parties who
21 had inquiries about the assets and were interested in
22 potentially participating in an auction process.

23 That was an iterative process. There were
24 continuous over the course of several weeks communications
25 with Tranzon about how that process would look. The trustee

1 also analyzed the various information that he was getting
2 from the various parties as well as from prospective bidders
3 to determine what the highest and best -- what the process
4 that would yield the highest and best result for creditors.

5 The Trustee is asking the Court for authority to
6 winddown FSS through an orderly auction and sale process.
7 The Trustee believes that's consistent with the FSS LLC
8 agreement, Your Honor. The operating agreement is at
9 Exhibit 3. He also believes it's consistent with state law
10 as well as the Court's prior order and statements made by
11 the Court on the record.

12 The auction process that the Trustee is asking for
13 approval to proceed with is multi-phase. It starts with a
14 sealed bid process for the IP assets. And then depending on
15 what the result of that is, there might be an actual auction
16 process with the IP assets.

17 THE COURT: Can you make a distinction between the
18 IP assets that you're describing? And I know that Mr. Jones
19 wanted a clarification about certain other IP assets. I
20 just want to make sure that there's clarity what I'm being
21 asked. I know that there's some language in the order that
22 kind of clarifies it, but perhaps you can clarify it now.

23 MR. WOLFSHOHL: Sure, Your Honor. And if I don't
24 clarify it correctly, I will let Mr. Murray correct me.

25 But the idea is that we are selling in this

1 process -- and it's not that we won't come back to Your
2 Honor to discuss selling intellectual property assets of
3 Alex Jones --

4 THE COURT: For purposes of what I'm being asked
5 for today.

6 MR. WOLFSHOHL: Today it would be intellectual
7 property of FSS.

8 THE COURT: Okay.

9 MR. WOLFSHOHL: And so that is the clarification.
10 I think that's what we included in the redline that we
11 uploaded today, Your Honor. I don't know if Mr. Murray has
12 anything different to say about that.

13 THE COURT: I just want to make sure that there's
14 clarity that -- I'm reading the proposed order. It says
15 that you're not going to sell or purport to sell any
16 personal IP of Mr. Jones. So I'm understanding if it comes
17 to the point where there's someone disagreeing that someone
18 would then come to me and then I can sort out whether this
19 is -- what bucket it goes. But it's not your intention I
20 think to sell personal IP.

21 Go ahead, Mr. Murray.

22 What I'm trying to do is just make sure to
23 anticipate, provide some level of clarity so that we have a
24 level playing field.

25 MR. MURRAY: So for today I am seeking authority

1 to sell the IP that FSS owns. There is some concern from
2 Mr. Jones that he is asserting rights to personal IP that
3 are not alienable in his view. I am not today seeking
4 authority to sell any IP owned in the Chapter 7 estate
5 directly. I anticipate filing a motion soon to add
6 potentially IP from the individual estate to the sale
7 process. And that's in response to some requests I've
8 gotten from potential bidders. I don't think that's for
9 today.

10 It's also my intention when we do that to reserve
11 all of Mr. Jones' rights, whatever they are. I don't intend
12 to litigate ownership of the IP as part of this process; I'm
13 simply trying to sell what I have.

14 THE COURT: Understood. Thank you.

15 MR. WOLFSHOHL: Thank you, Your Honor. And the
16 process would then, after the actual auction of the IP
17 assets, there would be what we were referring to in the
18 motion as remaining assets auction, which would include
19 certain things like hard assets as well as other assets that
20 are -- personal property that's located at the FSS studios.

21 Your Honor, the Trustee is also asking for
22 permission to pay fees and commission out of the FSS cash so
23 that the FSS cash -- because this process obviously is being
24 done for the benefit of FSS and its creditors that the costs
25 of that be allocated to FSS. That includes the 326 trustee

1 fee. And in our reply brief we tried to address what we
2 believe is the law that supports a 326 fee based on that
3 disbursement.

4 THE COURT: I think you all are looking at this
5 wrong, at least the way you just described it. And let me
6 tell you. And I'll just put it out there.

7 When I converted this -- when I dismissed FSS, I
8 did a couple of things. I explicitly told Mr. Murray that
9 he was in charge of the bank account and that he had control
10 of the equity of FSS. He's in charge. And that's -- and I
11 said it on the record, and I remember Ms. Catmull was
12 sitting in the same -- right around there. And I said --
13 because I didn't want dual seven trustees being around. All
14 this can be done with one trustee. He's in charge of the
15 equity of FSS and he can do what he wants with it.

16 I know folks are -- I've heard that some folks may
17 take issue with that. And that's fine. And I know that the
18 Texas plaintiffs tried to argue that they were in charge of
19 the -- the Chapter 7 trustee, before I dismissed this case,
20 which I had authority to do unless the court orders
21 otherwise under 349, I gave Murray the bank account and the
22 equity, made sure that he had the equity in FSS.

23 The creditors of FSS are one and the same of the
24 creditors of Mr. Jones. They are the same. So this is not
25 being done for the benefit of FSS creditors. This is being

1 done for the benefit of the Jones creditors who sued FSS and
2 Jones. And now the Trustee holds the equity for them.
3 Everything is going to them through this estate. But
4 there's cash there, and you're just using a particular
5 portion of the cash that's available through FSS to then
6 liquidate the FSS stuff. But ultimately it will be
7 distributed through the Jones Chapter 7 case for the benefit
8 of the same creditors who have been appearing. They're in
9 one and the same. And the families here and PQPR, they're
10 all standing here in the same -- that case is gone. But
11 what was left was Murray being in control of FSS and having
12 the equity.

13 So the Trustee is going to try to convince me that
14 somehow being in control of FSS equity means that all you
15 can do is sell it. And he's going to have to point to a
16 provision in the Bankruptcy Code that says that. Because if
17 not, then you step into the shoes. And there's plenty --
18 you step into the shoes as the equity holder, and you can do
19 whatever you want. If you want to wind it down, you can
20 wind it down. There's some clarity about you can't --
21 you're not today seeking to sell assets that belong solely
22 to Mr. Jones. But I got it. But there's different buckets
23 of the stuff that Mr. Murray holds in his capacity as
24 Chapter 7 trustee. One of them, before I dismiss this case,
25 is what goes there. Because that was to address the very

1 concern that Kyle Kimpler, who is looking at me, was afraid
2 to, of rush to the courthouse. And I still remember him
3 holding up the pistol in his hands and saying, you know,
4 we're going to go off to the races.

5 This was intended to -- it wasn't going to happen
6 because he was in charge of the bank account. There wasn't
7 going to be a run. And he has the equity of FSS. This is
8 being distributed for the benefit of Jones' creditors. It
9 just happened to be the same.

10 And so I got it, but I just want to make sure
11 everybody is really clear that your exercise of business
12 judgement, if that's what you're telling me, these are for -
13 - this is going to go -- you can call them the Texas
14 families and the Connecticut -- they're still the same
15 people here. They may go to pay bills of orders that I
16 entered. You know, towards professionals. And that's cash
17 that went out that was FSS cash. But I just want to make
18 really, really, really clear. And this is -- I'm just
19 telling you the way I construed my orders when I converted
20 this case that he wasn't doing stuff for FSS; he was doing -
21 - he held FSS, and he was going to distribute it in this
22 estate for the benefit.

23 I'm just telling everybody the way I've construed
24 these orders the entire time, which is why I took issue when
25 someone tried to then go, from what I heard, tried to go

1 seize cash from professionals which they were paid and were
2 trying to go after the professional. You know, wait for me
3 to issue an order. Then the order gets paid, and now the
4 professional has to hold it in an escrow or in an IOLTA
5 account because they're -- I'm just telling you that's the
6 way I've always seen this. If I need to clarify my order or
7 add sentences, that's consistent with what I said today.
8 And I was there. And it's consistent with what I said where
9 Mr. Murray asked me to clarify exactly what his role was.
10 There's been no change in what that is. He holds the stuff.
11 He can distribute it, or he can do what he wants. And
12 there's no -- you can do a couple of different things. If
13 you own the equity or if you hold the equity, you step into
14 the shoes, you can do it. Just as if he owned the business
15 or any other Chapter 7 trustee.

16 This case gets more attention because of what the
17 equity interest is. It's a really simple case. If this was
18 just a guy named Alex Jones who owned a business called Free
19 Speech that no one had ever heard of, this would be a really
20 simple dispute. We wouldn't even be here today. But we are
21 where we are. And let's just go through it. But I just --
22 anyway.

23 Go ahead and continue your proffer.

24 MR. WOLFSHOHL: So I appreciate that, Your Honor.

25 THE COURT: I understand that -- I'm just saying

1 that's the way I view -- that's always been what I have been
2 saying. And so I got it. I just want to make sure that
3 we're really precise on the language that we're using and
4 what Mr. Murray understands where the distribution is going
5 to go. He's the Chapter 7 Trustee. He makes distributions
6 in Chapter 7 cases in which he is administering. It just so
7 happens it's going to go to the same people, but that was
8 always the plan.

9 MR. WOLFSHOHL: Your Honor's comments are very
10 helpful. I hope -- and I actually think by what you just
11 said it's consistent with what we thought that you wanted us
12 to do. I hope Your Honor appreciates that part of why we
13 felt the need to come in here and get the order that we're
14 asking for -- and I do think that there's reason under 363
15 to get this order even though maybe the actual assets we're
16 selling are not property of the Alex Jones estate, part of
17 why we have felt the need to do this is because of --

18 THE COURT: It is property of the Alex Jones
19 estate, because Alex Jones owned the equity interest in FSS.
20 541, all legal or equitable interests. All. And all has
21 got to mean all.

22 MR. WOLFSHOHL: Okay. And I prefer that
23 interpretation.

24 THE COURT: No, no, it's not my interpretation.
25 It's Congress. Congress used the word all. All legal and

1 equitable interests of the debtor become property of the
2 estate. All means all. And we can't shortchange what all
3 means. And -- and upon conversion unless otherwise ordered.
4 I know what I said on the record there. And if I need to
5 amend the seven order, I'm happy to do it. If you want me
6 to bring FSS back up here, I'll do that, too. It's just
7 going to cost a lot of money. And we're spending a lot of
8 money today, I think. I'm concerned because -- but no one
9 disputes that Alex Jones owned a hundred percent of the
10 equity interest in FSS. And all has got to mean all. And
11 we don't get to kind of pick and choose what all means. I
12 just -- I am just calling it like I see it. And that's been
13 consistent with my rulings in Envision as well. Envision
14 Healthcare. I said all legal and equitable interest comes
15 in. Any smidgeon of it comes in. And if you own the equity
16 interest in FSS, then it is property of his estate. It
17 would be property of his estate if he just filed Chapter 7.
18 He'd have to list it on his schedules.

19 I'm just a little confused about what we're doing
20 here today. And again, I'm -- well, I don't know what's
21 different than any other bankruptcy case in which someone
22 who filed Chapter 7 and they owned the business and what
23 you're asking me for today.

24 MR. WOLFSHOHL: Well, Your Honor, a turnover order
25 is the reason we feel like we need the protection of your

1 additional order. Yeah.

2 THE COURT: I know what you're asking. I
3 understand what you're asking me for today. But what I'm
4 saying is it's already there. What you're asking for is
5 belt and suspenders. Let's not act like it's not already
6 there.

7 MR. WOLFSHOHL: I would prefer to --

8 THE COURT: If a Chapter 7 debtor owned equity
9 interest of a donut shop, he would have to list it on his
10 schedule. Right? Owning a hundred percent interest in a
11 donut shop, right? People can go sue a donut shop if they
12 want to. But that doesn't mean, you know, the Chapter 7
13 trustee of a debtor, depending on how they claim the
14 exemptions or not, wouldn't own a hundred percent interest.
15 Because it's property of the estate until it gets exempted
16 out. That's all. Right?

17 I understand the concerns today and I understand
18 the need to be clear. I understand what you're asking for.
19 But what you're asking me for really is belt and suspenders.

20 MR. WOLFSHOHL: I think that's right.

21 THE COURT: And I've got it. I just...

22 MR. WOLFSHOHL: And, Your Honor, we may not be
23 here if we didn't have sort of the overhang of this turnover
24 order that's still out there. We removed that case to the
25 Western District of Texas. But frankly everybody at this

1 point is wanting Your Honor to issue orders to make sure --
2 and I appreciate what you're saying, and we've always
3 approached it --

4 THE COURT: I had a case yesterday -- and I don't
5 want to get into -- I think it's before Judge Bradley, isn't
6 it?

7 MR. WOLFSHOHL: That is correct, Your Honor.

8 THE COURT: I'm going to -- stayed out of Jersey
9 business yesterday. I'll stay out of Austin business today.
10 You know, I'm not going to do that.

11 But I'm just telling you I know what I did. I'll
12 create the -- happy to go through the expense. Not me.
13 Doing it, I'll do it. I don't want to -- I'm not going to
14 get in the way of what Judge Bradley is going to do. I'm
15 not going to tell another bankruptcy judge on what timetable
16 to go or what to do. I'm going to allow Judge Bradley to
17 (indiscernible). I've got it.

18 So for purposes of selling today, tell me what you
19 all want.

20 MR. WOLFSHOHL: Your Honor, we want you to enter
21 the order that was uploaded in the redline -- well,
22 reflecting the redline changes obviously that we uploaded
23 today. We're asking -- we think that the Code authorizes
24 it. We think Your Honor's prior order authorizes it. We
25 think it's authorized under state law. We think it's

1 authorized under the FSS operating agreement. WE have
2 overwhelming support from the vast majority of the creditors
3 that the plaintiff's PQPR I understand supports the sale
4 process. Their liens are being preserved so that we can
5 resolve those through the adversary proceeding. It also has
6 a status conference set today.

7 We also just think that this sale is in the best
8 interest of the estate because it's going to yield the
9 highest potential recovery. And even if you think of these
10 creditors as being part of different estates, it's better
11 for their creditor claims to get more money even if you're
12 looking at it as the FSS versus Alex Jones. I agree with
13 Your Honor. They are all the same creditors essentially.
14 And we think this is in the best interest of the estate.

15 And I can address Mr. Nguyen's arguments after he
16 makes them in his closing, but I just think that this is
17 within the Trustee's business judgement. I think it's
18 appropriate for a number of the reasons Your Honor has
19 mentioned today. And the Trustee would ask that the sale be
20 approved or the winddown process be approved pursuant to the
21 order.

22 THE COURT: Let me make sure I'm clear about what
23 the process is. You're going to hold and just kind of
24 follow Texas law. Hire someone, a professional to go out
25 there and just help wind the process down.

1 Mr. Murray, do I understand that you believe this
2 is going to yield the highest amount of return for
3 creditors?

4 MR. MURRAY: Yes, I do. And even aside from the
5 authority issue --

6 THE COURT: Tell me why.

7 MR. MURRAY: Well, the conclusion that this would
8 be the best interest of the estate is based on in large part
9 input from Tranzon and the professionals who auction
10 business assets and IP in particular in other cases. They
11 have a national reputation. I've worked with them in other
12 cases. They are the ones who proposed sort of a two-stage
13 auction process. Start with the IP and then sell the rest
14 of it later. Because who ends up buying the IP will have a
15 lot to do -- will inform very much how we sell the rest of
16 it. So that's sort of the basis for splitting it up.

17 But in addition to this Court's authority, which
18 I've always thought was clear and I think it always has been
19 and I think the jurisdiction has always been there, I do
20 need a sale order. I would need that to sell anything else.
21 And I do want and would appreciate the Court's order because
22 it also sets out for the parties sort of what the process is
23 and sort of sets expectations, so people know how to engage
24 the sale process.

25 THE COURT: Do I understand it right that Mr.

1 Jones doesn't -- subject to this resolves the objection?

2 MR. WOLFSHOHL: It does.

3 THE COURT: It does, right? For purposes of this
4 order, right?

5 MR. WOLFSHOHL: His limited objection related to
6 his --

7 THE COURT: Yes.

8 MR. WOLFSHOHL: Yes. That is resolved by what we
9 put in the redline and the new order.

10 THE COURT: The relief requested today.

11 MR. WOLFSHOHL: That's right. His objection is
12 resolved is my understanding.

13 THE COURT: Texas and Connecticut have filed
14 statements in support.

15 MR. WOLFSHOHL: That's correct, yes.

16 THE COURT: No party has objected to this other
17 than the Office of the United States Trustee. Is that
18 correct?

19 MR. WOLFSHOHL: That's right.

20 THE COURT: Everybody with an economic interest
21 has not objected to this relief requested, right?

22 MR. WOLFSHOHL: Yes.

23 THE COURT: Okay. Well, the Office of the United
24 States has standing to be heard. Any proceeding? Do we
25 have a watchdog? Let me hear what they have to say. .

1 MR. NGUYEN: Thank you, Your Honor. Ha Nguyen for
2 the U.S. Trustee.

3 Your Honor, I just wanted to start out by saying I
4 really do appreciate the Chapter 7 Trustee and his effort.
5 I remember the day the Court was considering conversation of
6 this case. I called Mr. Murray and Mr. Murray agreed to
7 take on a very difficult case. Not all of our panel trustee
8 was willing to do it. Mr. Murray was there. You know, we
9 just have differences in opinion in terms of the legality
10 and the statute and the Code. There's (indiscernible)
11 between Mr. Murray. We have good relationship. We work
12 well together, and we work on many cases, Your Honor.

13 But we filed this objection to the winddown motion
14 particularly because of our reading of the statute and our
15 understanding. I know Your Honor says under 541 all means
16 all. But there are basic tenets of American corporation
17 laws that the U.S. Supreme Court has said that -- you know,
18 just because you own a hundred percent of the equity, you
19 don't own a hundred -- the estate itself doesn't own the
20 assets.

21 So over the ten years I've been doing this, I've
22 examined individual debtors that own businesses like Your
23 Honor have seen. And when we examine them, for example --

24 THE COURT: Is it easier if I just amended my
25 order? Because everybody knows that's what I intended to

1 do. Would it just make it easier for you if I just amended
2 the order?

3 MR. NGUYEN: That would be, Your Honor. Under 349
4 if you bring those assets in. But it's a little bit --

5 THE COURT: That was always the intent. Right?
6 And we can disagree about that. But I'm just saying that
7 was always the intent. Everybody knew. Everybody
8 understood that at the time. If that wasn't clear or -- no
9 one raised it to me then when winddown was being discussed.
10 If you want me to do that, I am more than happy -- because
11 it sounds like everybody needs it anyway -- I'm more than
12 happy to clarify in my order that all the assets -- if it
13 didn't include it in the assets, that's why he has the cash,
14 right? That's why he's got the cash and that's why he's got
15 the equity interest. He's got everything. That was always
16 the intent as to what was going on. But if that makes this
17 easy, I'm happy to do it. Because I think you and I
18 actually agree a lot here. I just think we're getting in
19 the technicalities here. But that certainly was what I
20 ordered at the time.

21 MR. NGUYEN: Your Honor, it's not the
22 technicality. It's actually what the Code says. And in
23 reading your order, there was two retention of jurisdiction.
24 One was the PQPR litigation and two was the bank account --

25 THE COURT: And then they came back and asked me

1 for clarification. I'm just saying I'm happy to do it. And
2 no one is going to dispute it. I'm happy to do it. If that
3 makes everybody's life happier, I'm happy to do it.

4 MR. NGUYEN: It would make things easier, Your
5 Honor. But it's a little bit unusual to dismiss a case but
6 retain all of the assets with --

7 THE COURT: Unless otherwise ordered by the Court.
8 We don't have to get into what's unusual or not. Everything
9 is case specific. That's why the -- I think that's why
10 Congress gave everyone flexibility, because you just don't
11 know what you don't know. And this case is certainly
12 different than any other case out there. I shouldn't say
13 that. There are some others that resemble it.

14 MR. NGUYEN: Your Honor, I understand amending the
15 order. And I think it would be very helpful in terms of
16 actually clarifying what Mr. Murray has the actual --
17 because in everyday cases where you have owners that come in
18 here that have an equity interest, I don't ask them -- for
19 example, Debtor Nguyen owns a donut shop, you know, and the
20 donut shop is a corporation, all Debtor Nguyen has to do is
21 list the hundred percent. I don't ask for the mixing bowls
22 and the chairs and stuff like that.

23 THE COURT: No, no, I understand that. And I
24 think my statements were a little different. But I think
25 clarifying on the record -- I don't think anybody is going

1 to --

2 MR. NGUYEN: But I think there's an issue with
3 that too in terms of the allocation. Because the creditor
4 bodies are the same, but they are two different entities.
5 And I think there's certain creditors when you upstream it,
6 there's going to be issues of allocations.

7 THE COURT: I'm just authorizing a sale. Where
8 the money goes people can fight about. But I'm just
9 authorizing a winddown here. I think everybody's rights are
10 reserved as to where the money goes. I'm just -- this is
11 more bidding procedures to me.

12 MR. NGUYEN: Your Honor, if you clarify the order
13 to include all of FSS hard assets as property of the estate,
14 the U.S. Trustee won't have any objection. I think you are
15 able -- you have discretion under 349 to order otherwise.
16 As long as that order is clear, we're fine with that.

17 THE COURT: Mr. Wolfshohl, what about that? And I
18 think you can work with Ms. Driver just to make sure that I
19 don't -- anything that we were to write to amend the order
20 just doesn't run afoul the deal that you all agreed to
21 today, or reserves rights, or does something. I just don't
22 want -- I'm going to give you all the assets of FSS. I'm
23 going to clarify that that's what you always had, the assets
24 of FSS. And I just want to make sure that other people look
25 at it so that no one then -- I sign something and then

1 somebody comes in and asks me to reamend the order.

2 MR. WOLFSHOHL: Maybe we could chat about that.

3 Because I think that's largely where the proposed order gets
4 us. But it would be even more clear if -- you're talking
5 about amending the dismissal order, to clarify that? That
6 would help -- I think it would help. We could propose some
7 language.

8 THE COURT: I'm just saying just run it by the
9 trustee, run it by folks. You know who needs to look at it.
10 Just upload the order. And I'm telling you, I will do it --
11 if folks can't agree with it, I will go back and read what I
12 did. And I feel like it's a clarifying order. It's not
13 really amending the order. Well, it's more -- I don't want
14 to come up with bankruptcy terms for orders, but you know
15 what I mean. It's more of a -- whether you can call it --
16 you can call it -- I don't care what you call it. You can
17 call it amended order or modified order, a clarifying order.

18 MR. WOLFSHOHL: An order in furtherance.

19 THE COURT: Just make -- what I want to do is just
20 have Mr. Nguyen take a look at the language and just make
21 sure that everybody's comfortable with the terms so that no
22 one then comes back and gets it here. But if that's the
23 case -- we're in agreement. And I think you all need the
24 clarity anyway one way or the other.

25 So I'll sign -- get me that language. I'll sign

1 that, and then I'll sign this.

2 MR. WOLFSHOHL: Okay. We can do that, Your Honor.

3 THE COURT: Okay.

4 MR. NGUYEN: Thank you, Your Honor.

5 THE COURT: All right, folks. Status conference,
6 PQPR, and then I'll turn to Stewart.

7 MS. JONES: Thank you, Your Honor. Erin Jones for
8 Christopher Murray, Chapter 7 Trustee. And I think
9 everybody else is on the line.

10 THE COURT: I just want to know briefly just kind
11 of where we are.

12 MS. JONES: The Trustee has been in discussions
13 with the parties in this litigation, PQPR and the
14 Connecticut families regarding potential resolution to this,
15 as obviously the resolution of the PQPR issue is going to
16 ultimately impact how funds get distributed. And so we have
17 to get to this point, a decision point in order to sort of
18 move forward.

19 However, we haven't quite gotten there yet. We
20 continue to have conversations. I think it is important to
21 have a trajectory forward towards a resolution. And we'll
22 run parallel tracks, as we always do, trying to reach a
23 business solution. But I do think it would make sense. And
24 I will let the other parties speak as well. But there are
25 pending MSJs that are full briefed. I don't know whether

1 Your Honor wants to hear argument on that at some point.

2 THE COURT: No.

3 MS. JONES: Not today, obviously.

4 THE COURT: No, no, no, no. What I'm saying is if
5 they're fully briefed MSJs, I'm just going to turn to them,
6 and I'll get working on them.

7 MS. JONES: Okay. And then otherwise, if that
8 doesn't resolve everything, maybe come in for a scheduling
9 conference to discuss the scheduling order to maybe just
10 kind of get a path towards trial.

11 THE COURT: So what I'll do is then just rule on
12 the MSJs and then after I rule on the MSJs, I'll give
13 parties a few days and then everybody can kind of give
14 everyone kind of an opportunity to read it and think about
15 it. And then I'll call the parties maybe four or five days
16 later and we'll talk scheduling at that point.

17 MS. JONES: That would work for the trustee.

18 THE COURT: Okay. All right, folks.

19 (Whereupon these proceedings were concluded at
20 3:06 PM)

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CERTIFICATION

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I certify that the foregoing is a correct transcript from
the electronic sound recording of the proceedings in the
above-entitled matter.

A handwritten signature in black ink, reading "Sonya M. Ledanski Hyde". The signature is written in a cursive, flowing style.

Sonya Ledanski Hyde

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Date: September 26, 2024